



CITY OF NEWTON, MASSACHUSETTS

ECONOMIC DEVELOPMENT COMMISSION

Meeting Minutes
September 14, 2010 – 7:30pm

Attendance

Commission Members: Daphne Collins (Chair), Philip Plottel (Vice Chair), Jack Leader (Secretary), Jerry Adams, Matt Cuddy, Charles Eisenberg, Jane Ives, Peter Kai Jung Lew, John Pears, Chris Steele
Staff: Candace Havens (Interim Director, Planning and Development Department), Amanda Stout (Sr. Economic Development Planner)

Guests: Bill Cronin (New England Development, John Twohig (Goulston & Storrs), Tim Sullivan (Goulston & Storrs), Ald. Victoria Danberg, Anatol Zukerman, K.E. Alexander, Jodi Daynard

Absent: Robert Gifford, Carol Ann Shea

Agenda Items

1. Chestnut Hill Square

- The EDC invited the New England Development team to make a presentation regarding their Special Permit Application for the Chestnut Hill Square Project. The Land Use Committee will hold a Public Hearing on the project on September 28, 2010. In advance of tonight's meeting, the development team received a copy of the "Final Draft – Guidelines for Addressing the Newton Economic Development Commission" to help anticipate the types of issues that the EDC hoped to discuss.
- Bill Cronin gave an overview of New England Development's history and asserted that the firm has the capital and experience to build this project. The firm, led by Steve Karp, Steve Fischman, and Doug Karp, has significant mall, shopping center, and retail development experience throughout New England. He listed specific projects that the firm has worked on, including The Pinehills, Cambridgeside Galleria, Pier 41 in Boston, and the Westgate Mall. The firm is headquartered in the Wells Office Park in Newton.
- John Twohig presented an overview of the project. He noted that New England Development has been working on a development for the 11.5-acre site for approximately ten years. A previous proposal for the site was much larger 777,000 square feet of development which would have generated over \$3 million in annual tax revenues and over 1,000 new jobs. The current proposal is for 352,000 square feet of development, generating over \$1.5 million in annual tax revenues and over 600 new jobs. Mr. Twohig explained that the project changed for a few reasons: the residential market has changed, it took over one year to adopt the PMBD zoning, the grocery store and access issues have been complicated, a demand for medical office and for high-end health club uses has been identified (and incorporated into the project). He drew special attention to the financability of the project, noting that the project presented is one they know they can lease, finance, and build. He also emphasized the need for a timely permitting process. The developer is hoping to have all substantive permits and approval by the Land Use Committee and full Board of Aldermen by the end of 2010. They hope to begin construction in December 2010/January 2011. He noted that while New England Development has an option on the site until the end of 2010, the property owner has very different plans for the site, should the New England Development proposal not be approved. Twohig added that the property has been vacant for 12 years.
- The current development proposal is submitted pursuant to the BU-4 (Business 4) Zoning District.



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- Mr. Twohig explained that the retail building that fronts on Route 9 will be one story because they cannot lease a 2nd floor of retail space. The smaller back retail building will have small 800-1,000 square foot stores.
- The residential building is currently programmed for rental apartments. In their proposal, the team is asking for the opportunity to phase the development – with the residential building and the parking structure to be added in Phase 2. The parking structure would be approximately four stories with 300 spaces. When the residential building is built, it will displace 91 parking spaces. Therefore, the parking structure will be built in Phase 2 with the residential building.
- Mr. Twohig noted that, in response to neighborhood concerns, the project that was submitted includes the closure of the access point at Florence Street and a natural buffer along the Florence Street edge.
- EDC members questioned the scope of the project and wondered whether there would be future opportunities to go higher or more intense. Mr. Twohig said that the team “didn’t want to come in with a development that we couldn’t build” and that this is “a plan that reflects what we know we can do.”
- Mr. Twohig presented several slides on an “Overview of Fiscal Impacts” based on information in John Connery’s report. A slide with “Estimated Gross Revenues” broke down the assessed value and estimated taxes by use – the Total Gross Annual Revenue is estimated at +/- \$1.6 million, of which \$221,000 can be attributed to the residential uses.
- A slide on “Project Costs” explains assumptions made by the team. For the purposes of analysis, the team estimated that the entire residential project, which will contain only one-bedroom and two-bedroom apartments, will generate 6 school children (a figure based on several studies and precedents).
- A slide on “Estimated Net Revenues,” including gross revenue and estimated annual costs broken down by use type, shows that the Total Net Annual Revenue to the City will be +/- \$1.3 million, of which \$84,000 can be attributed to the residential uses. This figure includes only property taxes to the City of Newton (not sales tax, income tax, etc.).
- The team estimates that the project will generate approximately 500 new construction jobs and 600 new permanent jobs. Mr. Twohig said that an estimated 50% of the medical office jobs will be net new jobs to the State.
- Mr. Twohig said that the average income in the area is \$177,000 and that the team has had interest from exciting, unique retailers who are attracted to the demographics of the area. He said there was interest in new-to-market stores, rather than existing area retailers moving here, including retailers that operate in Manhattan and high-end markets. For the restaurant uses, which would pay the City meals tax, the team estimates approximately 500 seats in two full-size restaurants and one café.
- Twohig said that that project will generate over \$1.5 million in one-time building permit fees, would generate a 375% greater benefit to the site than is generated in its current vacant state, and that the project was ripe for exploring I³ funding for infrastructure improvements on Rt. 9.
- The residential building is planned to have one eight-story residential building with 91 units, of which 15% would be affordable units. The market-rate units are expected to charge rents of approximately \$2,200 for a one-bedroom and \$2,600 for a two-bedroom.



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- The development team estimates that they can build the project in 12-15 months, plus 3 months for the residential. If the residential component is phased separately, it would take a separate 15 months to construct.
- The team had a grocery store tenant lined up, but that particular tenant is not longer interested due to the closure of the Florence Street access point. The team is talking to other grocery store tenants. Mr. Twohig said that the team made a calculated business decision to listen to some of the stakeholders and submit the project with the Florence Street access point closed. Some EDC members questioned the merit of this decision: listening to a vocal group rather than doing what might be better for the economic interest of Newton as a whole, and of creating a precedent for future development.
- EDC members expressed excitement that something was going to be happening on the site and that it is an opportunity for the City to get behind the project that fills a vacant site and supports the *Comprehensive Plan*. Many members wished that the project could be larger and noted that they preferred both the urban design characteristics and the size and scale of the previously proposed project, but that the current project makes sense given the current financial climate. EDC members acknowledged that New England Development is taking some risk and that, in this economy, a willingness to invest is a good thing. Some criticized it as short-run planning.
- EDC members and the development team discussed the political importance of moving on the project soon, partially because the State seems willing to discuss I³ infrastructure funding now.
- Bill Cronin asked for the EDC's support of the project, reinforcing that the project would generate jobs and taxes for the City of Newton on a site that is currently lying fallow.
- While many EDC members are disappointed by the closure of the Florence Street access point they agreed the EDC should refrain from getting involved in this issue, particularly as the decision to close the access point was also made based on comments from the Town of Brookline.
- The EDC members went around the table voicing their opinion of the project. Comments included: endorse it with strong support; a pity it is not larger and closer to the original goals, but politically this is what can be built now; support it as designed, but with a possible note that should future market conditions warrant it, the developer would entertain increasing the project size; suggest modifying the scale and access in the future; support the project but disappointed by the scale and access; anyone who can pull off a project of this scale in this climate should be admired; support the project; feels rushed into making a decision and wishes the scale were larger; looks forward to the project and is very supportive and hopes the City will expedite the approval process; support the project since in these economic times the opportunity cost of not building is critical.
- Philip Plottel made a motion to support the development as presented and delegated to Daphne Collins the responsibility to summarize the commission's position in a letter to be attached to the Planning Department staff report. Chuck Eisenberg seconded the motion, and it was unanimously approved.
- Bill Cronin and John Twohig noted that, while they found the "Guidelines" document to be helpful in preparing the evening's presentation, they were surprised by the scope of the questions. They addressed the questions about placemaking, open space, etc., but noted that these points did not seem to be directly related to economic development.



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2. EDC Business and Updates

- Vote on August 10, 2010 Minutes. Motion to approve (10-0) (Eisenberg, seconded by Steele).
- Discussion and vote on "Final Draft – Guidelines for Addressing the Newton Economic Development Commission." The commission thanked Chris Steele for his work in compiling and drafting the guidelines. Members discussed whether or not to eliminate the questions that are not strictly speaking "economic development" but that do provide useful context for the analysis of a project. The document might be amended in the future, perhaps with a version aimed at small businesses, but it was decided to keep the document as presented with the minor edit of adding a paragraph break and bolding the sentences that state that the document is not an application. Peter Lew made a motion to approve the guidelines, John Pears seconded the motion, and it was unanimously approved.
- Feasibility Analysis Working Group Update. Philip Plottel noted that the group needs more time before making an update, as collecting data has proved to be more difficult than the group had anticipated. Amanda Stout reminded the commission of the Working Group's charge: to present to the Mayor and Planning Department a qualitative and financial feasibility analysis of possible development scenarios for the Firefighters' Triangle site in Newton Centre. As such, the Working Group might be developing a template for this type of analysis that may be undertaken for other developments in the City. Results of the analysis will be made public and presented at a future EDC meeting when they are ready.
- Daphne Collins noted that she attended the Planning and Development Board meeting on Monday, September 13th where she presented a letter stating the EDC's interest in taking on the role of the EDAC (Economic Development Advisory Committee). There are still important logistical details to be figured out; for example, many of the EDAC deliberations are confidential and may best be discussed by a subcommittee of the EDC in a closed door session. Daphne and Amanda will keep the commission updated on this process.

The meeting adjourned at 9:25pm.

Respectfully submitted,

Amanda Stout

Sr. Economic Development Planner